

Message Text

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ACTION STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02
OMB-01 DOE-11 AF-10 ARA-10 EA-10 NEA-10 /157 W
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USMTN
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E.O.11652:N/A
TAGS: MTN, ETRD, TU
SUBJECT: MTN: U.S./TURKISH BILATERAL ON REQUESTS/OFFERS

1. SUMMARY: USMTN DEL (MARSH AND DRAZEK) MET WITH MEMBERS OF TURKISH DELEGATION (PARMAN, HURBAS, PAYKAL, ET. AL.) IN A SERIES OF BILATERALS FROM FEBRUARY 24 THROUGH MARCH 3. AT THE INITIAL SESSION WE DREW ATTENTION TO KEY U.S. OFFERS OF INTEREST TO TURKEY AND DISCUSSED A BILATERAL WORK PROGRAM THAT WOULD PERMIT ACHIEVEMENT OF A RECIPROCAL PACKAGE OF CONCESSIONS BY JULY. FOLLOW-UP SESSIONS WERE REQUESTED BY THE TURKISH DEL TO ASK TECHNICAL QUESTIONS REGARDING U.S. OFFER. TURKEY INTENDS TO SUBMIT REVISED NTM AND AGRICULTURAL REQUEST LISTS WITHIN TWO WEEKS AND LIST DF S AND D (SPECIAL AND DIFFERENTIAL TREATMENT) REQUESTS ON INDUSTRIAL TARIFFS SHORTLY THEREAFTER. TURKISH DEL DEMONSTRATED KEEN INTEREST IN THE NEGOTIATING
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PROCESS AND WILLINGNESS TO BE CONSTRUCTIVE IN FINDING MEANS OF ACCOMMODATING U.S. REQUESTS. END SUMMARY.

2. USMTN DEL PRESENTED SUMMARY EVALUATION OF U.S. OFFER AS IT AFFECTS KEY TURKISH EXPORTS. ON INDUSTRIAL PRODUCTS, WE NOTED U.S. WAS MAKING NEARLY A 40 PERCENT WEIGHTED REDUCTION ON TURKISH PRODUCTS, AS CALLED FOR BY THE

HYPOTHESIS. THIS INCLUDES GREATER-THAN-FORMULA REDUCTIONS ON MORE THAN \$2 MILLION OF TURKISH TRADE. IN THE AGRICULTURAL AREA, THE MOST SIGNIFICANT ACTION IS OUR OFFER ON TURKISH-TYPE TOBACCO. WE ARE OFFERING A 60 PERCENT REDUCTION, THE MAXIMUM CUT PERMISSIBLE UNDER U.S. LAW, ON TURKISH TRADE VALUED AT OVER \$92 MILLION IN 1976. WE CAUTIONED TURKEY THAT THIS OFFER WOULD BE DIFFICULT TO MAINTAIN IF THE U.S. DOMESTIC INDUSTRY DID NOT ACHIEVE IMPROVED ACCESS IN TRADITIONAL MARKETS FOR U.S.-TYPE TOBACCO, AND NOTED U.S. REQUEST OF TURKEY ON TOBACCO. ON OTHER AGRICULTURAL PRODUCTS, WE ARE OFFERING DUTY ELIMINATION ON SEVERAL TURKISH REQUEST ITEMS AND 60 PERCENT REDUCTIONS ON OTHERS.

3. WE STATED THAT THESE OFFERS CERTAINLY CALLED FOR A DEMONSTRATION BY DEVELOPING COUNTRIES OF A WILLINGNESS TO MAKE SPECIFIC CONTRIBUTIONS. FOR TURKEY, THE FIRST STEP SHOULD BE A PRELIMINARY RESPONSE TO OUR INDICATIVE LISTS IN AGRICULTURAL PRODUCTS AND NTM'S. WE SUGGESTED THAT RESPONSES SHOULD BE AVAILABLE BY MID-MARCH TO ALLOW SUFFICIENT TIME FOR JOINT ANALYSIS AND DISCUSSION BEFORE WASHINGTON BEGINS CONSIDERATION OF ADJUSTMENTS TO THE U.S. OFFER, I.E., RESPONSES TO NEW REQUESTS.

4. TURKISH DEL EXPRESSED APPRECIATION FOR U.S. OFFER AND ACKNOWLEDGED THAT IT WAS A MAJOR STEP FORWARD. PARMAN LIMITED OFFICIAL USE

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FELT THAT CONTRIBUTIONS BY TURKEY AND OTHER LDC'S SHOULD CERTAINLY REFLECT THIS FACT, BUT BECAUSE S AND D IN NON-TARIFF AREAS (E.G., SUBSIDIES) COULD SIGNIFICANTLY ADD OR DETRACT FROM THE VALUE OF THE CURRENT TARIFF OFFER, IT WAS STILL LOGICAL FOR LDC'S TO WAIT UNTIL THE END-OF-THE-DAY TO MAKE CONTRIBUTIONS. THIS DID NOT RULE OUT, HOWEVER, PRELIMINARY TURKISH RESPONSES TO U.S. REQUESTS, WHICH HE THOUGHT COULD COME SOMETIME IN MARCH OR APRIL. IN EVALUATING POSSIBLE TURKISH CONTRIBUTIONS, PARMAN SAID THE U.S. DEL SHOULD RECALL THAT U.S. CAPITAL GOODS, WHICH ACCOUNT FOR OVER 40 PERCENT OF U.S. TRADE WITH TURKEY, ENTER DUTY-FREE. THESE ARE PREFERENTIAL DUTY SUSPENSIONS WHICH HAVE NOT AND CANNOT BE BOUND TO THE U.S.

5. SUBSEQUENT DISCUSSIONS CENTERED ON TECHNICAL QUESTIONS REGARDING CLASSIFICATION OF PRODUCTS IN TSUS, U.S. HEALTH AND SANITARY REGULATIONS, ETC. MANY ERRORS AND OMISSIONS WERE FOUND IN TURKISH AG AND NTM REQUEST LISTS. THESE WILL BE CORRECTED IN REVISED LISTS TO BE SUBMITTED BY TURKEY WITHIN TWO WEEKS. (WE WILL REPORT FULLY ON

TURKISH COMMENTS RE MODIFIED AND ADDITIONAL REQUESTS WHEN THESE LISTS ARE RECEIVED.) IN REVIEWING TENTATIVE LIST OF TURKISH S AND D REQUESTS ON INDUSTRIAL TARIFFS, WE LEARNED THAT TURKISH DEL INTENDS TO REQUEST LESS-THAN-FORMULA CUTS TO PRESERVE GSP MARGINS AND DELAYED STAGING ON SOME ITEMS. USMTN DEL SPENT CONSIDERABLE TIME AND EFFORT TRYING TO DISCOURAGE SUCH REQUESTS, DRAWING ON PREVIOUS WASHINGTON GUIDANCE. WE MAY HAVE BEEN SUCCESSFUL IN PERSUADING TURKEY NOT TO REQUEST LESS-THAN-FORMULA REDUCTIONS, BUT U.S. STILL LIKELY TO RECEIVE REQUESTS FOR DELAYED STAGING.

6. DRAFTED BY MARSH. CULBERT

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